



California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

Commissioner Statement

FOR IMMEDIATE RELEASE – **EMBARGOED UNTIL MARCH 2, 2006**

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PUC Commissioner Brown Blasts Kennedy-Peevey Telecom Users “Market Rules” as “Inducement to Fraud”

SAN FRANCISCO, March 2, 2006 - Citing what he called “an inducement to massive, pervasive and unaccountable fraud,” California State Public Utilities Commissioner, Geoffrey F. Brown dismissed today’s passage of the Kennedy-Peevey “Market Rules to Empower Telecom Users and to Prevent Fraud” as “a deception designed to hoodwink the public into thinking the PUC is actually protecting them.”

In a barbed speech prior to passage of an order bearing the names of former PUC Commissioner (and current Gubernatorial Chief of Staff) Susan Kennedy, and PUC President Michael R. Peevey, Brown referenced the recent history of laws specifically designed to help telecom consumers make informed choices. According to Brown, after 11 years of non-compliance, “[i]n 2004, we finally complied...then the Governor’s office made it known that it did not look kindly on a PUC that enforces the law. Shortly thereafter, we suspended those rules.”

According to Brown, the new Kennedy-Peevey rules institutionalize that “willful non-compliance” by “ignoring the specific instructions of the legislature.” Brown mentioned examples of PUC-ignored industry practices such as “small-type contract that denies consumers the right to go to court, that permits changes after it is signed, that force the consumer to pay a full early termination fee even in the 23rd month of a 24-month contract, and that says a minute doesn’t mean a minute.” These, he said were the kinds of consumer abuses essentially endorsed by Kennedy-Peevey.

Brown warned of a time when “In a few years, public outrage about this sell-out will reach its height. Then, the PUC’s reputation will be even more sullied than it is today.”

The Public Utilities Commission meets at 10 a.m. at 505 Van Ness Avenue, San Francisco, on Thursday, March 2, 2006. Commissioner Brown will be available for press inquiries at the conclusion of the commission meeting, at approximately 11:30 a.m.